

## APPENDIX L

# **USACE FUNDING AND BUDGETING**

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The U.S. Army Corps of Engineers (USACE) is funded by two means, through sponsor's contributions and through the federal budget process each fiscal year.

### USACE BUDGETING PROCESS

As an executive branch agency, the USACE works for the Administration and with the Congress during the budget process. From the first program and budget development stages until funds are finally available at the local district, the process takes about 20 months to complete. The federal budget process involves many steps over a long period as outlined in the following general description.

- January – April – At the Washington level, the Office of Management and Budget, the Assistant Secretary of the Army, and the USACE Headquarters prepare and issue guidance to be used by USACE local offices when they prepare their budget requests. This guidance is an Engineering Circular called Program Development Guide, which is issued approximately 18 months before the start of the fiscal year (FY). For example, for FY2002 the EC is EC 11-2-179. The Districts and Divisions review and revise project and study cost estimates and schedules. These estimates and schedules provide the basis for their budget requests.
- May – The local Districts submit budget requests for their individual projects and studies to their respective regional Divisions. Divisions review and prioritize requests to put together a regional program request that is at or below their budget ceiling.
- June – August – Divisions submit their program requests to USACE Headquarters. USACE Headquarters further reviews and prioritizes requests, develops different nationwide program and budget requests based on various total budget ceilings and policy criteria, and prepares recommended lists of studies and construction projects to be started (called “new starts”).
- August – Headquarters submits the USACE nationwide budget request for the Civil Works Program to the Assistant Secretary of the Army. The Assistant Secretary reviews and revises the request based on the Administration's policy and program emphasis for that year. The Assistant Secretary submits its request to the Office of Management and Budget.
- September – November – The Office of Management and Budget reviews the Assistant Secretary's request in the context of the overall President's budget request for all Federal programs. In what is called “passback”, the Office of Management and Budget notifies the Assistant Secretary of approved budget allowances for various studies, projects and programs that will be included in the President's budget. For a very brief period, the Assistant Secretary may appeal certain budget decisions (called “reclama”) before the budget request is finalized.
- December – January – District and Divisions prepare testimony about individual projects and studies to be delivered to the Congress based on the final approved budget allowances.

- January – The President’s budget request is given to Congress on or before the first Monday after January 3; and the President’s State of the Union Message is usually delivered before the end of January.
- February – The Assistant Secretary and, from the Headquarters, the Chief of Engineers, and Director of Civil Works, appear before the Congressional appropriations subcommittees on energy and water development to explain the budget request for the overall USACE Civil Works Program. The Division Engineers’ also testify about funds requested for individual projects and studies in their regions. These hearings are called “departmental testimony”.
- March – April – Project sponsors and other interests outside the USACE appear before the same Congressional appropriations subcommittees to express their views and comments about budget requests for USACE studies, projects and programs. These hearings are called “nondepartmental testimony”.
- May – June – The Congressional subcommittees occasionally ask the Assistant Secretary and Headquarters representatives to reappear before them to clarify previous testimony and comment on the requests of sponsors and other local interests. These are called “recall hearings”.
- May – September – The Congress develops and passes an appropriations act, which gives the Administration funds for studies, projects, and programs. The Congressional process that leads to an act is generally as follows:
  - The House and Senate appropriations subcommittees review the transcripts of the testimony that they heard, discuss the requests and testimony, and report their recommended appropriations to their respective full committees.
  - The full appropriations committees then make recommendations to their respective legislative body, the House or the Senate.
  - Appropriations bills always start in the House; therefore, the appropriations bill is written in the House committee first, and voted on by the House.
  - In what is called a “conference committee”, representatives of the House and Senate committees meet to negotiate any differences between their bills, and recommend a bill which will be acceptable to both houses.
  - The resulting bill is then presented to both the House and Senate for enactment. Either house may return the bill to conference if it is still not acceptable; however, the bill is usually accepted and enacted by the Congress.
  - The bill, which is called an “act” when passed by the Congress, is sent to the President for signature.
  - When signed by the President, the act becomes a “law”.
- September – October – The Office of Management and Budget apportions the funds available to all Federal agencies. Funds provided to the USACE are then issued in “work allowances” to the

Districts. A work allowance provides the District with the fiscal year's final approved budget for each project and study.

The USACE has several authorities to allocate resources for its projects. A couple of the authorities that relate to LTMS include Section 217 of Water Resources Development Act (WRDA) 1996 and Section 204 of WRDA 1992.

Section 217 of WRDA 1996 states that:

The Secretary of the Army (SA) at the request of a non-Federal interest, add capacity at a dredged material disposal site being constructed by the SA if the non-Federal sponsor pays, during the period of construction, all costs associated with the additional capacity. The non-Federal interest can set and collect fees assessed to third parties to recover those costs. The SA may allow non-Federal interests to use capacity in an existing USACE disposal site if such use will not reduce the availability of the facility for the Federal project. The SA can impose fees to recover capital, operation, and maintenance costs associated with the non-Federal interests' use.

Section 204 of WRDA 1992 "Aquatic Habitat and Wetlands" protects, restores, and creates aquatic and/or wetland habitats associated with dredged material from authorized Federal navigation projects. The Study Costs are 100% Federally funded for initial appraisals and 65% Federal 35% non-Federal for feasibility Studies. Project costs require non-Federal sponsors to provide all lands, relocations necessary for construction and cash contribution if less than 35% along with the project's operation and maintenance.

## OTHER SOURCES OF FUNDING

Project funding is not solely dependent on the federal process. Additional monies can be obtained through state and other federal grants as well as partnerships with other agencies.

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